

# ARGONAUT NATURAL RESOURCES FUND



## INFORMATION MEMORANDUM

AN OFFERING TO  
WHOLESALE INVESTORS

APIR ARG3633AU

## Important information

This Information Memorandum (Memorandum or IM) dated 11 January 2022 relates to the issue of units (Units) in the Argonaut Natural Resources Fund (the Fund). The Fund is a managed investment scheme that is not (and is not required to be) registered with the Australian Securities and Investments Commission (ASIC).

Argonaut Funds Management Pty Ltd (ACN 101 152 863) (the Trustee) is the trustee of the Fund. Offers under this IM are made for, and on behalf of the Trustee by the Licensee pursuant to section 911A(2)(b) of the *Corporations Act*.

AFM Artemis Pty Ltd (ACN 635 051 615) (the Investment Manager) is the investment manager of the Fund and is a Corporate Authorised Representative (CAR No. 001277645) of Argonaut Securities Pty Limited (ACN 108 330 650) (AFSL No. 274099) (the Licensee).

This IM relates to the offer to subscribe for Units. The offer does not constitute an offer of Units in any jurisdiction in which, or to any person to whom, it would be unlawful to make such offer or invitation. No public offer of Units will be made pursuant to this IM. The offer of and subscription for Units may be prohibited in certain jurisdictions and to persons outside of Australia.

In particular, this IM does not constitute an offer to sell, or a solicitation of an offer to buy, Units in the United States. Any securities described in this IM have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any State or other jurisdiction of the United States. The Units may not be offered or sold, directly or indirectly, in the United States or to any person in the United States.

The distribution of this IM (including an electronic copy) in the United States and elsewhere outside Australia may be restricted by law and any such restrictions should be observed. Any non-compliance with these restrictions may contravene applicable securities laws. Please refer to Section 11.13 of this IM headed "International Offer Restrictions" for more information.

This IM and the offer contained within this IM is only available if you are, and by accepting this IM you are representing that you are, a Wholesale Client. This IM is not a prospectus or product disclosure document under the *Corporations Act* and is not required to be. It has not been lodged with ASIC under the *Corporations Act*.

Any person who receives or reads this IM should not consider it as a recommendation to purchase Units. The investment objective needs or financial position of any person have not been taken into account in preparing this IM. The IM is general in nature and is not to be considered as financial, legal or tax advice. Before making an investment decision on the basis of this IM, you should consider whether investing in the Fund is suitable for your individual circumstances and seek advice from qualified financial, tax and other professional advisers.

None of the Trustee, Investment Manager, Licensee or any of their related bodies corporate make any representation or warranty as to the accuracy or completeness of this IM. None of the Trustee, Investment Manager, Licensee or any of their related bodies corporate give any assurance as to the performance of the Fund nor do they guarantee the repayment of capital from the Fund.

Investments in the Fund are not deposits with or liabilities of the Trustee, Investment Manager or any of their related bodies corporate. Investments in the Fund are subject to investment and other risks, including possible loss of income and capital invested. Recipients of this IM should ensure they are fully aware of all these risks before investing in the Fund. Please see Section 7 for further details on the risks of investing in the Fund.

The Licensee reserves the right to modify, withdraw, reject or cancel any offering made pursuant to this IM (this includes the right to close the offer at any time, accept late subscriptions and increase or decrease the size or timing of the offer in its sole discretion).

No cooling-off regime applies to the offer contained in this IM.

No information or representations in connection with the offer of Units, which is not contained in this IM, should be relied upon in making an investment decision about the offer. This IM and the Trust Deed supersede all previous representations and communications (including investor presentations) in respect of the Fund and the offer in this IM. To the extent of any inconsistency between this IM and the Trust Deed, the Trust Deed prevails.

Information in this IM, as well as the terms and conditions of the offer or the Fund, may be updated from time to time. This IM is current as at its specified date of issue. Fees and costs stated in this IM are exclusive of GST.

All dollar amounts are in respect of Australian dollars (unless specified otherwise).

By accepting this IM, you are agreeing to keep it and its contents confidential and not to provide it to persons other than your advisers provided they also maintain such confidentiality.

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# 1 Corporate directory



AFM Artemis Pty Ltd  
ACN: 635 051 615  
Corporate Authorised Representative of AFSL No. 274099  
Address: Level 30, Allendale Square, 77 St Georges Terrace,  
Perth, Western Australia 6000  
Phone: 08 9224 6888  
Email: [argonautfundsmanagement@argonaut.com](mailto:argonautfundsmanagement@argonaut.com)  
Website: [www.argonaut.com](http://www.argonaut.com)

## Trustee

Argonaut Funds Management Pty Ltd  
ACN: 101 152 863  
AFSL No.: 224815  
Address: Level 30, Allendale Square, 77 St Georges Terrace,  
Perth, Western Australia 6000  
Phone: 08 9224 6888  
Email: [argonautfundsmanagement@argonaut.com](mailto:argonautfundsmanagement@argonaut.com)

## Custodian

Certane Group Pty Ltd  
Address: Locked Bag 3015, Australia Square, Sydney NSW 1215  
Website: [www.certane.com](http://www.certane.com)

## Licensee

Argonaut Securities Pty Ltd  
ACN: 108 330 650  
AFSL No.: 274099  
Address: Level 30, Allendale Square, 77 St Georges Terrace,  
Perth, Western Australia, 6000  
Phone: 08 9224 6888  
Email: [argonautfundsmanagement@argonaut.com](mailto:argonautfundsmanagement@argonaut.com)

## Legal Advisers

Steinepreis Paganin  
Address: Level 4, 50 Market Street, Melbourne, Victoria, 3000

## 2 Chairman's Letter

### Dear Investor,

Thank you for considering an investment in the Argonaut Natural Resources Fund.

There are a number of key factors that give us confidence in the investment outlook for the Australian resource sector:

- Australia has a global competitive advantage in the identification, development and production of natural resources. It has a large and diverse range of mineral assets, a stable political system, rigorous legal and regulatory processes, extensive infrastructure to facilitate development, a high-quality education system and sophisticated capital markets.
- Australia sits on the doorstep of the fastest growing economies in the world, including China, India and Indonesia.
- The population tailwind will continue to drive demand for natural resources. The world population is forecast to increase by 800 million people in the next 11 years, reaching an estimated 8.3 billion people by 2030.
- Environmental momentum combined with technological advancement will drive a rapid decarbonisation of the transport and energy sectors over the next decade. This will have a profound impact on the demand and supply balances of key commodities and create unique investment opportunities for those with the requisite skills and expertise.

In an investment marketplace characterised by a move to passive index investing and homogenous investment mandates, the resource sector is well placed to deliver above average returns to those investors with the specialist skills required to successfully identify opportunities in this growing and changing landscape.

An experienced investment team has been appointed to manage the Fund and a rigorous investment system is in place. The Investment Manager has established a portfolio of quality resource sector opportunities with an appropriate spread across various commodities, stage of project and market capitalisations, with the objective of delivering returns exceeding that achieved by the benchmark index, the S&P ASX 300 Resources Index.

This Information Memorandum provides a detailed description of the operational structure and investment strategy of the Fund. We encourage you to read the document in its entirety and seek advice from your professional advisors as required.



**Edward Rigg**  
Chairman  
Argonaut Funds Management

# 3 Investing Responsibly in the Resource Sector

Argonaut is committed to investing responsibly in the resources sector. The Argonaut Natural Resources Fund intends to support those ASX listed resource companies that operate in a responsible manner in regards to their Environmental, Social and Governance (ESG) obligations.

The Fund's three stage investment process incorporates an investment screen that evaluates companies based on their ESG performance. This forms an important input into the investment decision making process.

## Mining is necessary

The world is at an environmental tipping point. Climate change is real and there is a need to transition away from higher emitting fossil fuels to more environmentally sensitive solutions.

A key step on this journey is the transformation of the transport and power generation sectors as continued technology advancements drive the costs of battery storage, wind turbines and solar cells down and efficiency and productivity up.

Electric powered vehicles are likely to assume the leadership position in global transport over the next twenty years driven by comparable upfront costs but improved operating performance and substantially reduced maintenance costs. Similarly, power generation is likely to transition from a large dependence on thermal coal for baseload power to a substantially higher dependence on renewable energy sources supported by battery storage.

The role of the resources sector in this changing landscape is to provide the commodities demanded from this transition in a financially and environmentally efficient manner. We expect to see the resource sector increase its allocation of capital to drive increased production of required commodities such as copper, nickel, cobalt and lithium (among others) and, correspondingly, reduce investment in fossil fuels.

## The Importance of Environment, Social and Governance (ESG) performance in the investment process

Investing involves responsibility. For a company to be assessed as "investment grade" it not only needs to achieve required financial metrics but also pass our ESG filter:

- Does it meet acceptable standards in regards to the impact it is having on the environment,
- How does it treat its workforce and the communities in which it operates; and
- How effective are its internal systems and procedures?

## Environment

Mining activities by their nature involve a degree of environmental disruption. Our investment process includes the following environmental screens;

- Is this mining activity necessary,
- Should this mining activity be undertaken in this geographic location,
- How effectively is the environmental impact being managed,
- How effectively is the environmental impact being reported; and
- What is the company's environmental track record?

## Social

Mining activities can have both positive and negative impacts on society. They can provide employment and growing economic prosperity on one hand, whilst on the other hand they can result in worker exploitation and destruction of communities. Our social screening includes the following;

- Is the workplace health and safety record acceptable,
- Are the workplace conditions fair and reasonable,
- Are human rights being upheld,
- Is the company actively involved in supporting community programs in areas it operates; and
- How important is the mining activity as a local employer in the region?

## Governance

Governance focuses on the ways companies are run. Our screening process includes the following assessments:

- Is the remuneration structure of the Board and senior management reasonable,
- Does the company have an acceptable degree of diversity, including gender and race,
- Is the level of financial and operational disclosure adequate,
- How well does the company plan for management succession.
- Are Shareholders interests protected; and
- How well does the company communicate with external stakeholders?

## Actions

A focus on ESG needs to be more than a marketing tool, it needs to be fully integrated into the decision-making processes of the Fund. Initiatives that are already in place include;

- Argonaut has integrated an ESG screening process into its three-stage investment process. This is discussed in more detail in Section 6.5.
- Our view is that there are viable less polluting alternatives to thermal coal for base load power production. As such the Fund will not invest in companies generating over 20% of its revenue from thermal coal operations.
- The Fund will not invest in countries where there is a high risk of corruption.
- The fund will not invest in companies who have operations in unstable countries that puts their workforce at risk of injury or death.

## 4 Fund Overview

APIR Code	ARG3633AU
Fund Structure	Argonaut Natural Resources Fund is an Australian domiciled unregistered unit trust.
Investment Manager	AFM Artemis Pty Ltd (ACN 635 051 615), an Australian private company, a corporate authorised representative (CAR No.001277645) of Argonaut Securities Pty Limited (ACN 108 330 650) (AFSL No. 274099).
Trustee	Argonaut Funds Management Pty Ltd (ACN 101 152 863) (AFSL No. 224815).
Custodian	Certane Group Pty Ltd.
Eligible Investors	Units will only be issued to Wholesale Clients.
Objective	The Investment Manager will seek to generate absolute returns greater than the S&P ASX 300 Resources Index after all fees and expenses. The Investment Manager may not be successful in meeting this investment objective and returns are not guaranteed.
Investment Strategy	The Fund intends to primarily invest in resources companies listed on the ASX, comprising those companies in the Materials and Energy sectors. The investment process involves a three-step evaluation of investment opportunities being (1) an assessment of overall market conditions; (2) a review of macro conditions to identify key global trends and higher risk operational locations; and (3)a “bottom up” company evaluation process based on the Argonaut “Five Bricks” analysis process focused on Management, Valuation, Business Strength, Financial Strength and Responsible Investing.
Minimum Additional Investment	\$10,000.00 (unless otherwise agreed to by the Investment Manager).
Minimum Redemption	\$10,000.00
Performance Fee	20% of the increase in Net Asset Value (NAV) per Unit, above the Benchmark return over the 12-month period between 1 July and 30 June, accrued monthly and payable annually in arrears, subject to a high-water mark, being the previous highest NAV per Unit of the Fund immediately after payment of a Performance Fee (or if none has been paid, the initial issue price of the Units). Refer to Section 8.2 for further details.
Applications and Redemptions	Applications and Redemptions are processed monthly. Applications must be received by the third last Business Day of the month to be eligible for processing using that months Application Price. Redemption requests must be received a minimum of 10 business days before the end of the month to be eligible for processing using that months Redemption Price. Redemptions may be suspended or deferred in certain circumstances.
Unitholder Distributions	Distributions (if any) will be paid at the end of each financial year and a tax statement for each
Unit Valuation	The Fund will be valued based on the NAV of each month.

The above overview is a non-exhaustive high-level summary of the key features of the Fund. The overview is qualified by the other sections of this Memorandum and the Trust Deed. The Memorandum should be read in its entirety before deciding to invest in the Fund.

# 5 Management Structure

## 5.1 Investment Manager

The Investment Manager of the Fund is AFM Artemis Pty Ltd, a corporate authorised representative of Argonaut Securities Pty Limited. The Argonaut group are specialist resource sector investors and advisors with a research team of five company analysts.

The Fund will invest across both large capitalisation and small capitalisation companies listed (or planning to list) on the Australian Securities Exchange (ASX), with a focus on identifying compelling fundamental value in the natural resources segment of the market.

## 5.2 Investment Committee

Glen Colgan (Chairman)

Glen is the Managing Director of Argonaut Securities. He has more than 30 years experience in the financial services sector, in particular the Australian stockbroking industry. Glen has extensive experience in most facets of share trading and advisory having worked as a trading floor operator, designated trading representative, private client advisor and corporate stockbroker.

Prior to joining Argonaut in 2006, Glen spent six years as Branch Manager of a successful Goldfields based stockbroking operation, where he gained a detailed knowledge of the mining and mineral exploration industries. Glen has significant expertise in the analysis of small and mid-capitalisation resource companies.

David Franklyn

David is Executive Director / Head of Funds Management at Argonaut. He has over 25 years financial markets experience including almost ten years as Head of Research at a leading resources small company's stockbroker and 10 years as Managing Director and Chief Investment Officer of a boutique funds management business. David is also an experienced business executive, having held senior roles in ASX listed and unlisted companies.

Dr Dianmin Chen

Dianmin is a mining engineer with more than 35 years' experience in the resources sector. He has held a wide range of roles including technical, production and management of resource projects in Australia, China and Canada. Dianmin held executive roles with Sino Gold (General Manager), Citic Pacific Mining (Chief Operating Officer), CaNickel (Chief Executive Officer) and Northern Goldfields (Managing Director and Chief Executive Officer) and has served as a Non-Executive Director of publicly listed companies in Australia and Canada.

Cathy Moises

Cathy has worked as a senior resources analyst for a number of the major stockbroking firms over her career, including McIntosh (now Merrill Lynch), County Securities (now Citigroup) and Evans and Partners, where she was a partner of that firm. Cathy spent a year with Perseus Mining running their Business Development and Investor Relations areas. Cathy was also the Head of Research at Paterson's Securities.

Cameron Prunster

Cameron is a private client dealer with Argonaut Securities, servicing high net worth individuals. He is a value orientated investor, specialising in emerging companies with a focus on the resources sector.

Cameron holds a Bachelor of Commerce and a Diploma of Financial Services (FINSIA).

The key responsibilities of the Investment Committee include:

- overseeing the risk exposure levels of the Fund,
- reviewing strategy and asset allocations; and
- considering external market themes and structural change that may influence the Fund's investment strategy.



## 6 Investment Objective & Strategies

### 6.1 The Argonaut Group

Argonaut was founded by Edward Rigg and Charles Fear in 2002. It is an integrated investment house with corporate, stockbroking, research and funds management capability in Australia, operating from offices in Perth.

Argonaut is focused on sectors where its expertise can add substantial value and targets companies within the natural resources sector including mining and metals, energy and mining services sectors.

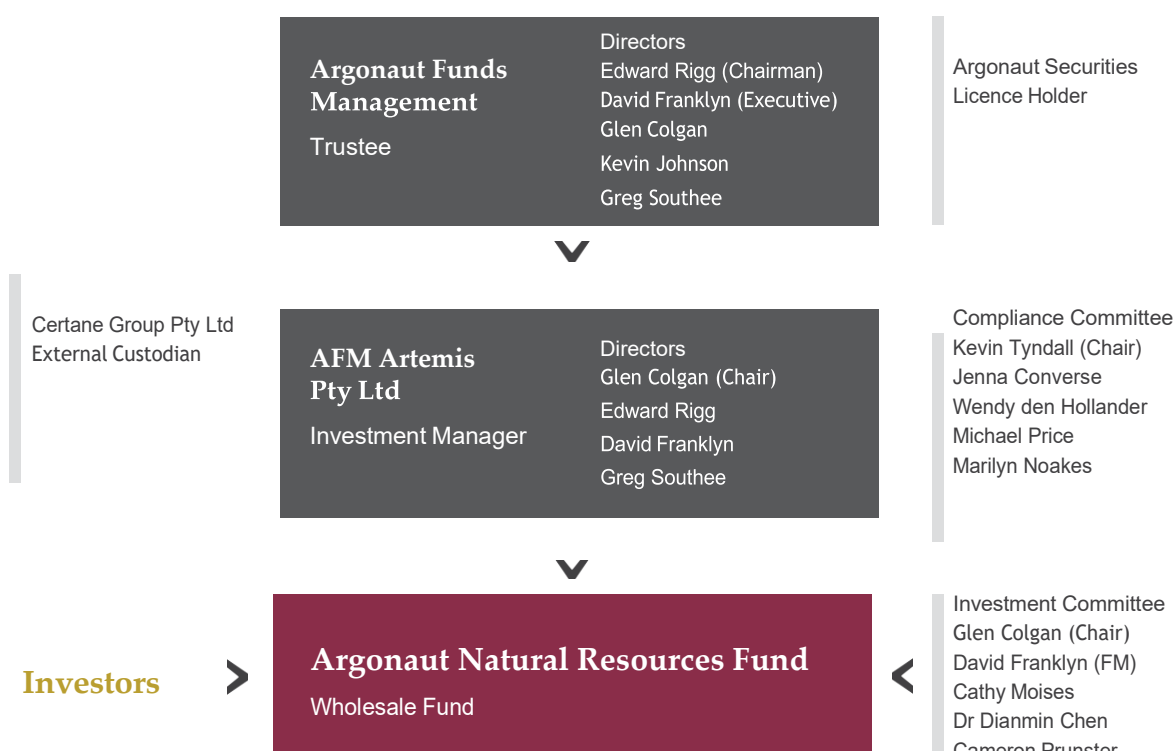
Argonaut's Corporate Finance team consists of over 15 professionals based in Perth. It has advised on, arranged and participated in excess of \$10 billion of corporate finance transactions over the past decade.

Argonaut's stockbroking division provides clients with investment and trading advice, trade facilitation and access to the Australian Securities Exchange (ASX) and Chi-X markets in Australia and the SEHK in Hong Kong.

Argonaut is a research driven organisation, with the research focus on metals and mining, energy, agribusiness and mining services companies. Argonaut has one of the largest specialist resource focused research teams in Australia, with four resource sector analysts and a mining services analyst.

The Funds Management business has a focus on the natural resource's sector via the Argonaut Natural Resources Fund and the AFM Perseus Fund. The funds management operations are underpinned by a rigorous three step investment process and a commitment to strong governance and compliance principles.

### 6.2 Funds Management Organisational Structure



(1) To the extent an Investment Committee member is on leave and unable to execute his/her respective duties, the Investment Committee will temporarily appoint a professional of equal experience in his/her place, if necessary.

## 6 Investment Objective & Strategies con't

### 6.3 Investment Objective

The Investment Manager will seek to generate absolute returns above the S&P ASX 300 Resources Index after all fees and expenses.

The investment objective is not intended to be a forecast. It is merely an indication of what the Fund aims to achieve. The Investment Manager may not be successful in meeting this objective and returns are not guaranteed.

### 6.4 Investment Philosophy

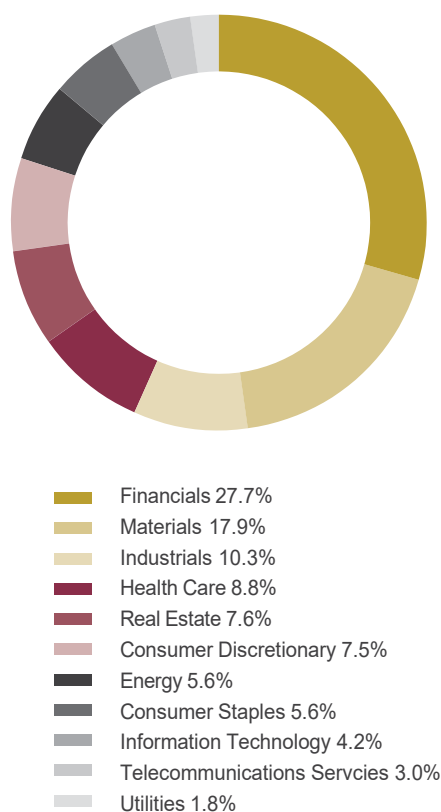
The Argonaut Natural Resources Fund has been established to target investment opportunities from within the natural resources companies listed (or planning to list within generally a six month period) on the Australian Securities Exchange (ASX). This primarily includes those companies in the Materials and Energy sectors. Other listed securities (outside of Materials and Energy) cannot exceed 20% of the overall portfolio and would generally have a linkage to the resource or resource services markets. The Fund may also invest up to 20% of the portfolio in resource companies listed on other recognised international exchanges.

It is the view of the Investment Manager that the resources sector is under researched relative to other segments of the market, particularly those companies with a market capitalisation of less than \$500 million. This creates an investment opportunity.

The resources sector has underperformed the broader investment markets for much of the past decade. Emerging global trends, such as the decarbonisation of the transport and electricity generation sectors and the rapidly expanding global population, are likely to have a profound impact on the demand and supply characteristics of commodities. This generational change is expected to create unique investment opportunities that the Fund will seek to identify.

The Fund provides an ideal exposure for Eligible Investors looking to gain exposure to the resources sector as a component of a balanced investment portfolio.

Sector Breakdown of the S&P ASX 300 Index



The Materials and Energy sectors account for approximately 23.5% of the overall market by market capitalisation.

## 6.5 Investment Process

The Investment Manager has a rigorous investment system. Decisions are based on a three-step investment process. Step One is a high-level assessment of the overall market; Step Two is a macro assessment of preferred commodities and least preferred operating locations; Step Three consists of specific company analysis with the focus on our “Five Bricks” investment analysis system- Management, Valuation, Financial Strength, Business Strength, and Responsible Investing.

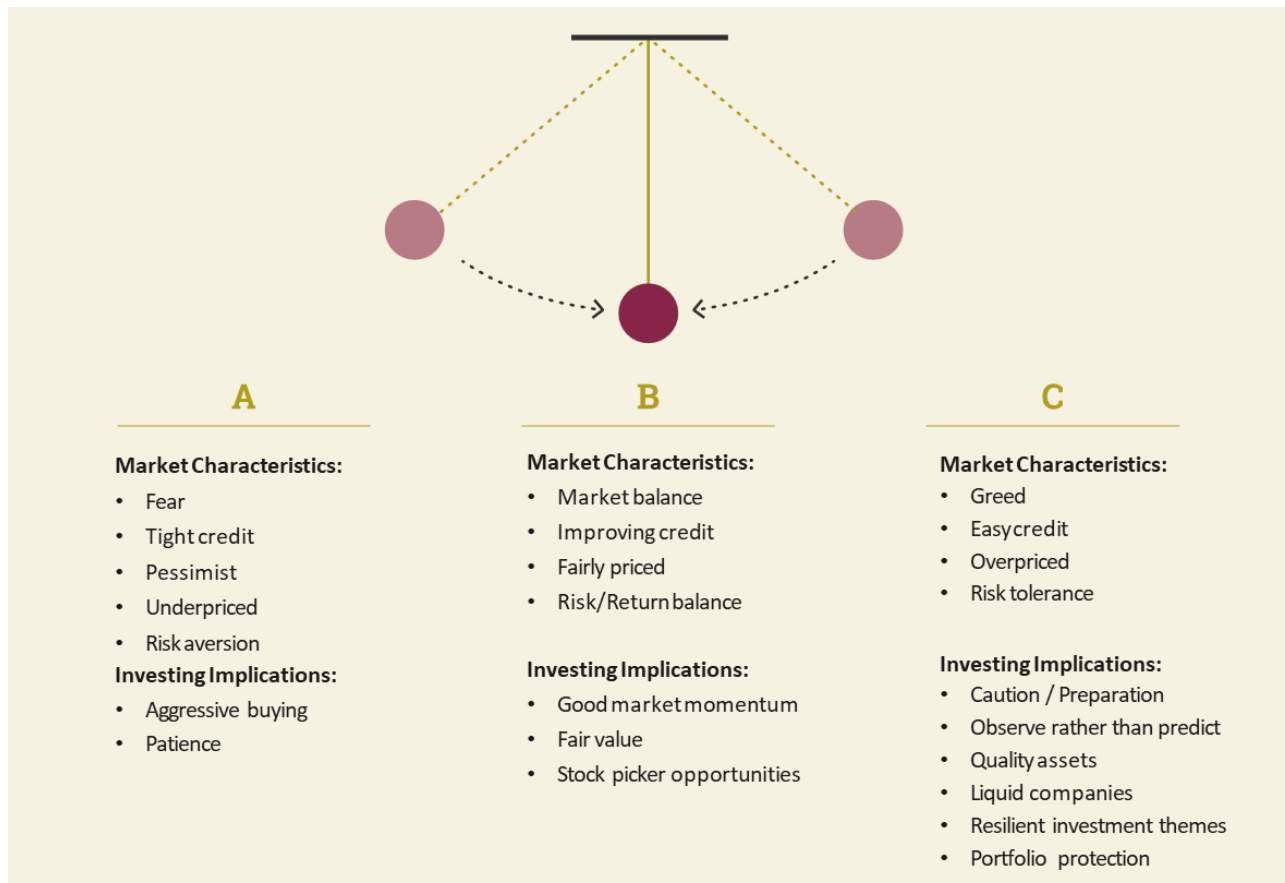
### Step 1: Market Assessment

Howard Marks, the renowned investor and founder of US based investment group Oaktree Capital, describes the movements of investment markets like that of a pendulum swinging from one extreme to the other. The market swings between euphoria and depression; between celebrating positive developments and obsessing over negatives and thus between overpriced and underpriced.

The objective of Step 1 is to systematically and regularly evaluate the market signals and to ensure they are considered in the portfolio construction process.

*“Investment markets move like the swing of a pendulum: between euphoria and depression; between celebrating positive development and obsessing over negatives; and thus between overpriced and underpriced.”*

Howard Marks  
Oaktree Capital



## 6 Investment objective & strategies con't

### Step 2: Macro Assessments of Global Trends and Country Risk

Step 2 is a “top down” assessment of the market. The objectives of Step 2 are to:

- identify, consider and evaluate key macro factors that will impact on the economics of various commodities, and
- highlight the best and worst locations in which to invest capital.

*The MACRO evaluation stage aims to identify those commodities that will outperform over the short and long term based on their demand and supply characteristics.*

*This stage also seeks to clearly identify the best and worst places in which to invest.*

#### Global Economic Trends

Global economic growth  
Tech developments  
Environmental issues  
Innovation  
Population growth

#### Political and Regulatory Risk

Economic risk  
Political risk  
Sovereign risk



#### Favoured Commodity Exposure



#### Least Favoured Country Exposure

### Step 3: Micro Review - Five Bricks

Step 3 is a “bottom up” investment process that evaluates specific company characteristics. This analysis is based on our “Five Bricks” investment approach:

*The MICRO stage involves a bottom-up analysis of specific companies. This requires a rigorous evaluation of ESG compliance, management competence, valuation, business strength and financial strength.*

In certain circumstances the investment manager will seek to unlock value in specific companies by becoming actively involved with the target company. This may involve the provision of strategic advice, becoming a director or providing capital or expertise.

#### Valuation

Discounted cashflow  
EBITDA multiple  
Price earnings multiple  
Enterprise value / resource  
Replacement cost  
Peer group comparisons

#### Management

Board & exec. experience & history  
Technical expertise  
Key staff turnover  
Management expertise  
Financial Expertise  
Marketing and promotion

#### Business Strength

Resource size & quality  
Project stage  
Security of tenure  
Access to infrastructure  
Position on cost curve  
Demand & supply situation  
Mining / production risk

#### Financial Strength

Debt position (D/E and cashflow coverage)  
Debt covenants  
Construction costs  
Capital expenditure requirements  
Availability of equity funding  
Return on capital  
Return on Equity

### Responsible Investing

#### Environment

Mining necessity  
Location sensitivity  
Management capability  
Reporting

#### Social

Health & Safety  
Performance  
Workplace conditions  
Human rights  
Community engagement

#### Governance

Remuneration  
Diversity  
Disclosure  
Shareholder interests  
Stakeholder Communication

## 6.6 Risk Management Principles

Risk management is a function of the Investment Manager's clearly defined investment process. Risk is managed at the specific investment level, at the portfolio level and then at counterparty, operational and process levels.

At the specific company level, the Investment Manager focuses on its rigorous investment management process to ensure diligent stock selection.

At the portfolio level, the Investment Manager has a set of portfolio guidelines that must be adhered to. These are detailed below:

Portfolio Composition	Low	High
Number of Securities in Portfolio	10	25
Micro Cap Exposure (Mkt Cap < \$50m)	0%	35%
Single Commodity Exposure	0%	35%
Cash Weighting	0%	30%
Company Exposure (Portfolio %) at Purchase	0%	15%
Company Exposure (Portfolio %) at Valuation	0%	30%
Shareholdings in Investee Companies	0%	20%
Exposure to recognised international exchanges	0%	20%
Exposure to unlisted Companies	0%	10%
Borrowings	0%	0%
Short Selling	0%	20%

Note that during an initial three-month establishment period (ending 3 May 2020), the guidelines will be waived. This is to allow a gradual establishment of the investment portfolio. Prudent investment processes will be maintained during this period.

In the normal ongoing operations of the Fund, there may be occasions when the portfolio moves outside the guidelines outlined above. This may include circumstances such as new inflows boosting cash above the 30% limit, the sale of investments pushing the fund above the cash limit or the timing of purchases and sales meaning that the weighting to a stock or commodity exceeds the guidelines. In these circumstances the portfolio manager will ensure that the portfolio is brought back within the guidelines within 10 business days of a breach.

At the counterparty level, the Investment Manager monitors risk via capacity, credit ratings, firm research, newswires and consultation with market peers.

At the process level, the Investment Manager monitors the Fund's investment process, analytical capability and investment recommendations and assesses whether these remain appropriate to maximise investment performance.

Lastly, the Investment Manager monitors for structural change resulting from financial innovation and technological change, to ensure that new and innovative approaches to identifying investment ideas and opportunities are capitalised on.

## 6.7 Allocation Strategy

The Investment Manager's primary focus will be those resources companies and mining services companies listed or planning to list on the Australian Securities Exchange (ASX).

## 6.8 Currency

The Fund will manage currency risk by ensuring that the Fund mainly invests in domestic equities. Investment guidelines allow a maximum of 20% of the portfolio to be invested in securities listed on overseas exchanges.

## 6.9 Assets

The Fund will initially only be exposed to cash and equities listed on the Australian Securities Exchange (ASX) or other major global exchanges (up to 20% of the portfolio).

## 6.10 Underwriting and Sub-Underwriting

The Fund will not engage in any underwriting or sub-underwriting activities.

## 6.11 Leverage

The Fund will not borrow for investment or any other purposes.

## 6.12 Short Selling

The Fund can short sell securities as part of its portfolio protection strategies.



# 7 Risks of Investing in the Fund

As with any investment, an investment in the Fund involves risk. There is no guarantee that the Fund's investment objectives will be achieved, that its investment strategies will be able to be successfully implemented or that Unitholders will receive any return on their investment. Unitholders may lose some of their investment in the Fund from time to time. Set out below is a summary of some of the key risks involved in investing in the Fund.

Potential Unitholders should carefully read this section and consider the following risks when determining whether to invest. The summary is not exhaustive. Unitholders should undertake their own enquiries and obtain appropriate advice.

## 7.1 Investment Manager and Key Person Risk

The performance of the Fund is reliant upon the Investment Manager and the development and implementation of its investment strategies. The strategies may not be possible in all circumstances. There is also a risk that key members of the Investment Manager may leave and not be able to be replaced which could adversely affect the Fund and the ability of the Investment Manager to successfully achieve the investment objectives of the Fund.

## 7.2 General Investment Risk

The value of the Fund's investments may fall or fluctuate which will affect the value of Units. Changes in economic, political or market conditions or the regulatory environment may adversely impact the Fund and its investments. In addition, other factors may affect particular investments (i.e. interest rates or exchange rates) and, consequently, the value of Units may fall or the distributions from the Fund may be lower than expected or there may be no distributions. There are no assurances that the Investment Manager will anticipate these developments and neither the Trustee, Investment Manager nor any other person guarantees the performance of the Fund.

## 7.3 Failure of Investment Strategies

The Investment Manager may in its discretion adopt the investment, trading and risk management strategies and methods it determines are most appropriate in the market circumstances. However, there can be no assurance that these strategies will be successful, and a Unitholder may lose a portion or all of its investment in the Fund.

## 7.4 Diversification Risk

The Fund's initial investment strategy does, at times, employ a highly concentrated approach. This means that the Fund may, at certain times, be close to fully invested in one asset class. The investment process reviews the position on a daily basis; however, this approach does mean that the Fund is potentially exposed to unanticipated, large swings in the value of its investments which may result in greater volatility for Unitholders.

## 7.5 Market Risk

The Fund will be exposed to market risk. The investment process includes a systematic evaluation of market risk which may or may not provide adequate insight into market trends and movements. The investments and their respective share prices may be subject to inefficiency, volatility, unpredictability and/or political instability, all of which could cause loss of capital.

## 7.6 Limited Track Record

The Fund has no track record; however, the investment manager has assembled a highly capable and experienced team.

Further, the investment philosophy and strategy that will be implemented by the Investment Manager is rigorous.

## 7.7 Absence of Secondary Market

There will be no public market for Units. Unitholders will generally only be able to dispose of their Units by means of redemption on the relevant redemption day at the Redemption Price, subject to notice periods, restrictions and suspension as described in Section 10. The risk of any decline in the Net Asset Value of Units during the period from the date of notice of redemption until the redemption day will be borne by the Unitholder requesting redemption.

## 7.8 Counterparty and Service Providers' Risk

The Trustee and Investment Manager will, where practicable, typically seek counterparties and service providers who are reputable and have a reasonable expectation of not defaulting (for example, low credit risk), although these risks cannot be eliminated.

Counterparties to the Fund's investments may also under the terms of those investments be able to exercise discretion (e.g. relating to valuations and terminating the investment) which may be exercised adversely to the interests of the Fund.

## 7.9 Interest Rate Risk

Interest rate fluctuations may affect the income derived or value of certain investments of the Fund and the costs of the Fund implementing its investment strategies.

## 7.10 Currency Risk

The Fund will manage currency risk by ensuring that the Fund mainly invests in domestic equities. Investment guidelines allows a maximum of 20% of the portfolio to be invested in securities listed on overseas exchanges.

## 7.11 Liquidity Risk

There is no assurance that redemption proceeds or distributions will be distributed in a timely manner. The Fund may be restricted in its ability to realise its investments to meet redemption requests by Unitholders or to pay expenses or fees. Ultimately this may delay the payment of proceeds to Unitholders.

## 7.12 Redemption Risk

Where substantial Fund investments must be realised to fund a redemption request, the Redemption Price will generally be calculated on the value of the actual proceeds received from those realised investments. This value may differ from the estimated value of Units. See Section 10 for further information on how Application Prices and Redemption Prices are calculated.

Where the Fund cannot sell its investments in a timely manner, there may be substantial delays in the payment of redemption proceeds, or in certain circumstances, the Fund may suspend redemptions. In particular, the Fund's liquidity will be adversely affected where a counterparty to the Fund's investments defaults on its payment obligations to the Fund. Insolvency of such a counterparty may inhibit the ability of the Fund to pay redemption proceeds or may cause significant delays in doing so.

The Fund may delay redemptions for a variety of reasons (see Section 10.5), including where there is a circumstance outside the Custodian's control which it considers impacts on its ability to properly or fairly calculate the Unit price, the total redemption monies which would be payable pursuant to the redemption request(s) represent more than 25% of the Net Asset Value of the Fund, otherwise as the Trust Deed may contemplate, or such other circumstance as the Trustee determines to be appropriate in its absolute discretion having regard to the best interests of Unitholders as a whole.

## 7.13 Legal, Regulatory and Tax Risk

Regulation and tax that apply to the Custodian, Investment Manager, the Fund and its investments may change (or tax laws may be interpreted by a tax authority or court in a different manner to which they have been interpreted and applied by the Trustee, Investment Manager or the Fund) and this may impact on the investment returns and nature of the investments in the Fund.

## 7.14 Counterparty Risk

Certain investments of the Fund may be governed by documentation, the interpretation of which may be disputed, and their enforceability challenged.

The Trustee has appointed the Custodian to provide custodial services including holding of assets and clearing and settlement of transactions on commercial terms. The Trustee reserves the right to change the custodial arrangements and to appoint additional or alternative custodian(s) without the approval of Unitholders.

Two key risks associated with this are the risk of the Custodian becoming insolvent and the risk of loss through Custodian error or poor performance.

In general, all assets of the Fund other than cash are held by the Custodian in nominee accounts or in the name of the Fund itself. Either way, the assets are held separately from the Custodian itself. These assets are therefore generally protected, regardless of whether the Custodian suffers any insolvency event.

The asset that would really be affected by the collapse of a Custodian is cash, which typically represents an asset on the bank's balance sheet. In order to mitigate the risk of the Fund's cash assets being exposed to Custodian risk, the Investment Manager intends to only appoint Custodians that have sound financial strength, however, that may not always be sufficient to completely mitigate the risk.

The Investment Manager intends to only appoint experienced and reputable custodians so as to minimise the risk of custodian error or poor performance.

## 7.15 Taxation Risk

Taxation laws are complex and changes to them or their interpretation or practice could adversely affect the tax treatment of an investment in the Fund or the tax treatment of the Fund's investments. Unitholders should obtain their own tax advice in relation to an investment in the Fund.

## 8 Fees and Costs

### 8.1 Management Fee

The Investment Manager will be entitled to a fee of up to 1.00% per annum (excluding GST) of funds under management (gross assets of the Fund), accrued and payable monthly in arrears. The management fee is charged for managing the Fund's investment portfolio.

### 8.2 Performance Fee – Above the High-Water Mark

The Fund will charge a performance fee of 20% of the increase in the NAV per Unit above the return on the S&P ASX 300 Resources Index over the 12-month period between 1 July and 30 June, subject to the applicable High-Water Mark. The Performance Fee will be calculated and accrue monthly and is payable annually to the Investment Manager from the Fund.

Each time a Performance Fee is payable, a High-Water Mark is calculated. The High-Water Mark is the previous highest NAV per Unit immediately after payment of a Performance Fee with respect to the Units (or if none has been paid, the initial issue price of the Units). The application of the High-Water Mark seeks to ensure that until any previous losses per Unit incurred by the Fund have been recovered, the Investment Manager does not earn a Performance Fee. The High-Water Mark will reset every 3 years first commencing on the date of calculation of the initial High-Water Mark, such that the High-Water Mark will be deemed to be the NAV per Unit on the reset date.

Additions and withdrawals of assets attributable to subscriptions and redemptions of Units, and distributions may be considered in the calculation of the Performance Fee.

Subject to the terms of the Trust Deed, the Trustee (on advice from the Investment Manager) reserves the right to change the Performance Fee in the future.

### 8.3 Expenses

All costs or general expenses incurred (or to be incurred) by the Trustee or Investment Manager in connection with the establishment and the management of the Fund and the offer are payable out of the Fund. The Trustee and Investment Manager are responsible (at their own cost) for providing all office personnel, office space and office facilities required for the performance of their services. The Fund bears all other expenses incidental to its operations, including, but not limited to, fees payable to the Fund's service providers (e.g. tax, legal, prime broker, auditor (if any), administrator and custodian), insurance of the Investment Manager, taxes imposed on the Trustee, Fund or the Investment Manager, company incorporation charges, governmental charges and duties, the Fund's advisers (e.g. legal, accounting and audit), printing and distributing the Memorandum, subscription materials, marketing materials, fees and commissions to placement agents, pricing (including financial data and news) information systems (and related software) and the cost of any reports and notices provided to Unitholders or prospective Unitholders. All costs and expenses associated with the launch of the Fund, including professional fees will be paid by the Fund and amortised over the period of up to 60 months from the commencement of the Fund.

The Fund may also incur unanticipated expenses arising from its business, such as litigation and indemnification expenses. The Unit price will reflect expenses, costs and liabilities (including Performance Fees) that have accrued in respect of the relevant period but have not been paid. If some or all of such amounts are not payable at the end of the period, the Net Asset Value (and therefore the Unit prices) would be expected to increase. Similarly, if the accrued amount is less than the actual amount payable at the end of the period, the Net Asset Value (and therefore the Unit prices) would be expected to decrease.

### 8.4 Cap on Fee, Waiver and Deferral

The Trustee or Investment Manager may, in their sole discretion, elect to accept lower fees or defer receipt of any fees from time to time. Any such election will in no way affect the right to receive any fees payable. The Trustee or Investment Manager may also rebate or waive all or part of any fees applicable to Units for certain Unitholders and/or pay all or part of such fees to third parties for services related to the placement of Units.

# 9 Tax Considerations

## 9.1 General

Neither the Investment Manager nor the Trustee provide financial or tax advice, nor have they obtained taxation advice specific to the offer the subject of this IM. As such, this IM cannot address all of the taxation issues which may be relevant to an investor in the Fund. Investors must take full and sole responsibility for their investment in the Fund, the associated taxation implications arising from that investment and any changes in those taxation implications during the course of that investment.

Before investing in the Fund, you should obtain your own independent tax advice, which takes into account your own circumstances. In particular, you should seek advice on income tax and interest withholding tax liabilities arising out of the investment.

## 9.2 General Advice Warning

An investor is responsible for administering their own tax affairs. This may include capital gains and/or income tax. Each time an investor invests, they must satisfy themselves prior to making any commitment that they understand and accept the tax consequences to them.

We do not provide tax advice and investors should seek this independently before investing if they are unsure of their position. It is an individual investors responsibility to ensure that their tax return is correct and is filed by the deadline and any tax owing is paid on time. If an investor is unsure how this investment will affect their tax status, they must seek professional advice before they invest. Tax treatment is dependent on the individual circumstances of each investor and may be subject to change in the future.

## 9.3 Taxation Status

The Fund is a managed unit trust. Therefore, as a unit trust, investors in the Fund will collectively be presently entitled to the entire amount of the taxable income of a Fund for each relevant financial year, and the Fund itself should not be liable to Australian income tax under present income tax legislation. All income (such as dividends and interest), net taxable capital gains (sale of Funds' investments) and tax credits (franking credits or tax paid on foreign income) will for tax purposes be distributed to the Unitholders shortly after the end of the financial year. This income and capital gains, if any, requires the individual Unitholder to pay tax at their marginal tax rate.

## 9.4 Distributions

As stated above, it is currently expected that the Fund will generally not pay tax on income or capital gains made by it, provided Unitholders are presently entitled to all of the Fund's taxable income. The distributions can form part of your assessable income and be subject to tax for the tax year in which the Fund generated the income and capital gains, even if your distributions are reinvested into the Fund.

## 9.5 Disposal of Units in the Trust

Australian investors are generally subject to capital gains tax when they redeem an investment in the Fund. Depending on your status as a taxpayer and how long you have held the Units, you may be entitled to a capital gains concession (which reduces the liability by up to 50.00%). The capital gains tax protection for a superannuation fund is different.

Applying for and redeeming Units in the Fund, and receiving distributions, will not incur GST in Australia. However, GST may be payable on our fees and certain reimbursement of expenses. Where the Fund is able to, it will claim input tax credits on the GST incurred.

## 9.6 Dividends

The Fund will seek to distribute franking credits to investors received from the Fund's investments in Australian companies. Any franking credits attached to distributions will be shown in investors' annual tax statements. As stated above, to the extent franking credit entitlements exceed tax payable by an investor, any excess may be refundable to individuals and complying superannuation funds.

## 9 Tax considerations con't

### 9.7 Foreign Account Tax Compliance Act (FATCA)

The Foreign Account Tax Compliance Act (FATCA) relates to US taxpayers and the Common Reporting Standard (CRS) is a broader framework for the exchange of financial account information between jurisdictions relating to all non-Australian taxpayers. We are required to collect information about your tax status in order to comply with Australian laws to implement Australia's obligations under FATCA and CRS, which are regimes for the exchange of financial account information by Australia with foreign jurisdictions.

To comply with FATCA and CRS, as a financial institution, we must collect information about your tax status before opening your account and we are required to identify foreign accounts and provide information relating to foreign accounts and foreign controlling persons to the Australian Taxation Office. The Australian Taxation Office may then pass this information to other revenue authorities under exchange of information agreements that Australia has entered into with other jurisdictions. We cannot provide tax advice about the impact or compliance obligations of FATCA and CRS on you or your business activities.

If you do not provide this information, we may not be able to process your application. We encourage you to seek advice from a tax adviser if you are uncertain about what steps you need to take.

### 9.8 Goods and Services Tax (GST)

GST will not be imposed on the application for, or redemption of Units in the Fund. However, the services for which any fees are payable under Section 8 "Fees and Costs" section of this Information Memorandum are likely to be subject to GST. The Fund is unlikely to be entitled to claim a full input tax credit for any GST paid on fees and other costs payable by it. The Fund may be entitled to claim a reduced input tax credit (RITC) of the GST payable in respect of certain expenses.

### 9.9 Tax File Number (TFN) or Australian Business Number (ABN)

Investors who have not provided a TFN, ABN or alternatively provided exemption details may have tax deducted from their distributions at the highest marginal tax rate plus the Medicare Levy and the Deficit Repair levy (currently 49%).

### 9.10 Stamp Duty

The issue or redemption of Units should not attract stamp duty. However, stamp duty may apply when transferring Units.



# 10 An Investment in the Fund

## 10.1 Applications

Unitholders may make an initial application for Units subject to the minimum initial investment amount of \$50,000, or an additional application subject to the minimum additional investment amount of \$10,000, or any such other amount determined by the Investment Manager. Additional Units will be issued at the Application Price determined at the time of issue.

The Trustee, upon the advice of the Investment Manager, may from time to time allow additional dates for accepting applications.

Applications will generally be processed monthly. Applications must be received by the Administrator before 2.00pm Australian Western Standard Time on the third last Business Day of the relevant month to be eligible for processing using that month's Application Price unless otherwise agreed by the Trustee upon the advice of the Investment Manager. The number of Units issued to Unitholders is determined by dividing the investment amount by the relevant Application Price - refer to Section below.

The Trustee may, together with the Licensee, reject or decline to accept applications or additional applications in whole or in part and may close the Fund to further investment where it believes the Fund has reached capacity.

Any interest accrued on application monies received will accrue to the benefit of the Fund. If an application is rejected or fewer Units issued than subscribed for, application monies or the returned portion of the application monies will be returned without any interest.

## 10.2 Application Price

The number of Units issued to Unitholders is determined by dividing the investment amount by the relevant Application Price.

The Application Price will be equal to the NAV per Unit. The number of Units ultimately issued to applicants is determined by dividing their investment amount by the relevant Application Price.

The initial Application Price will be \$1.00 per Unit.

## 10.3 Redemptions

Unitholders may make a redemption request on a monthly basis.

The minimum redemption amount is \$10,000, unless otherwise approved by the Trustee upon the advice of the Investment Manager. Redemptions will generally be processed on the last Business Day of each calendar month (Valuation Date). Redemption requests must be received by the Administrator at least 10 Business Days' before a Valuation Date for the request to be processed on that date.

Processing of redemptions may be deferred or redemptions may be suspended - refer to Sections 10.4 and 10.5. A redemption request lodged during a period of suspension is deemed to be lodged immediately after the end of the suspension period.

## 10.4 Redemption Price

Redemption proceeds will equal the number of Units being redeemed multiplied by the applicable Redemption Price. The Redemption Price is the NAV per Unit as at the time of the redemption, adjusted for any accrued Performance Fees, transaction and operation costs such as brokerage and stamp duties, taxes and other charges and expenses applicable from selling Fund investments.

The Trustee may take up to 25 days to pay redemption proceeds from the Valuation Date to which the redemption relates. However, in unusual circumstances, payment of redemption proceeds may take longer. Please refer to Section 10.5 below and see Section 7 for more information on 'Liquidity risk' and 'Redemption risk'.

## 10.5 Suspension of Redemptions

No redemptions, or payment of redemptions proceeds, will be permitted where the calculation of the Net Asset Value or redemptions are suspended. The Trustee can delay Unit redemptions for such period as is appropriate in all the circumstances including, without limitation, where:

- a) the Trustee does not consider it to be in the best interests of the Unitholders as a whole to realise sufficient Fund assets to satisfy the redemption request;
- b) the Trustee has taken all reasonable steps to realise sufficient Fund assets to satisfy a redemption request and is unable to do so due to one or more circumstances outside its control – for example, the realisation of investments is not possible or cannot be affected at prices which would be realised if the investments were realised in an ordinary functioning market;
- c) it is impractical to calculate the Net Asset Value for any reason including a breakdown or failure in the systems including communication failure of the Trustee or of any agent appointed by the Trustee or a breakdown or failure of any other means of communication normally employed to determine the value of the investments on an ongoing basis.

Where Fund investments must be realised to fund a redemption request, the Redemption Price will generally be calculated on the basis of the value of the actual proceeds received from those realised investments. If the realisation prices of assets which fund redemptions are less than what is reflected in the Net Asset Value on the redemption day, then the Redemption Price will be adjusted downward.

## 10 An investment in the fund con't

### 10.6 Valuations

#### Net Asset Value

The Net Asset Value of the Fund will be equal to the value of its total assets less its total liabilities as determined in accordance with the Trust Deed.

The Trustee (on advice from the Investment Manager) may use its discretion to determine the most appropriate method of valuing the assets of the Fund. The Trustee may also rely upon the value determined by an independent valuer or the valuations supplied by third parties, the accuracy of which may not be verifiable. There is no assurance that the calculation of the Net Asset Value described will reflect the actual realised value of assets of the Fund.

In general, any securities or other products which trade on a financial market will be valued using their closing price on the relevant date the valuation is conducted.

The Trustee (on advice from the Investment Manager) may make such modifications to the means of calculating the Net Asset Value as it may from time to time consider reasonable to ensure that such changes accord with good accounting practice.

Situations involving uncertainties as to the valuation of positions may have an adverse effect on the Fund's net assets if the Trustee's judgements regarding appropriate valuations should prove incorrect. Valuations may also be suspended where the Fund's assets cannot be valued or would yield a valuation which would be, in the opinion of the Trustee, to the detriment of Unitholders.

#### NAV Per Unit

The NAV per Unit is the Net Asset Value of the Fund (i.e. total value of the assets less liabilities), divided by the number of Units as at that Valuation Date (rounded to six decimal places).

This is used to determine Redemption Price (refer to Section 10.4) for Units.

### 10.7 Transfers

Units may not be sold, transferred or otherwise disposed of, directly or indirectly, without the prior written consent of the Trustee (which may be granted, on certain terms and conditions, or delayed or withheld in its sole and absolute discretion).

Transfer requests should be made in writing. The Trustee may require prescribed transfer documentation to be completed by the transferor including without limitation the completion of an Application Form. Any Units sold or transferred without such consent may be compulsorily redeemed by the Trustee in its absolute discretion.

### 10.8 Distributions

The distribution policy of the Fund is to distribute (when available) as soon as practicable after each 30 June (or otherwise as determined by the Trustee) the taxable income of the Fund.

Unitholders will be given the opportunity, on an annual basis, to request that distributions are reinvested into the Fund.

The Trustee may, from time to time, distribute additional amounts where the Trustee believes it is appropriate. Distributions may be made up of both income and capital.

# 11 Additional Information

## 11.1 Trust Deed

The Fund is an unregistered managed investment scheme governed by the *Corporations Act* and the Trust Deed. The Trust Deed addresses matters such as valuation methods applying to Unit pricing, redemptions and applications, the issue and transfer of Units, Unitholder meetings and Unitholders' and the Trustee's rights, liabilities and indemnities.

A summary of the Trust Deed is set out below. It is not intended to be exhaustive and is qualified in its entirety by the Trust Deed.

Please contact the Administrator to obtain a copy of the Trust Deed.

## 11.2 Period and Termination of the Fund

Unless terminated earlier by the Trustee pursuant to the Trust Deed, no Units may be issued or redeemed after the 80th anniversary of the day the Trust commenced if that issue or redemption would cause a contravention of the rules against perpetuities (if there is one) or any other rule of law or equity.

## 11.3 Trustee's Indemnity and Liability

The Trustee is entitled to be indemnified from the assets of the Fund for any amounts incurred in acting as trustee of the Fund, subject to the Trust Deed and the law. If the Trustee acts in good faith and without negligence it is not liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Trust.

The liability of the Trustee to any person in respect of the Trust is limited to the Trustee's actual indemnification from the Fund's assets for that liability.

## 11.4 Unitholders Liability

The liability of Unitholders is limited to the value of their investments in the Fund and subject to the Trust Deed. The effectiveness of these provisions has not been conclusively determined by an Australian Court, and therefore no absolute assurance can be given that Unitholders will be protected from liability to third parties.

Each Unit confers a proportional beneficial interest in the Fund and does not carry any entitlement to any particular part of the Fund's assets or to partake in the management or operation of the Fund (other than through meetings of Unitholders).

## 11.5 Amending the Trust Deed

The Trustee may amend the Trust Deed by supplemental deed with the approval of 75% by value of Units voted (in person or by proxy) at any relevant meeting. Notwithstanding the forgoing, the Trustee may amend the Trust Deed without Unitholder approval where such amendments are reasonably required and do not adversely affect a Unitholder's rights.

## Investment Management Agreement

Under the terms of the Investment Management Agreement, the Investment Manager is appointed as the exclusive investment manager of the Fund. It outlines the powers of the Investment Manager in managing the investment portfolio and its obligations to the Fund and Trustee. The Investment Manager and its directors are indemnified against all losses in respect of its

duties under the Investment Management Agreement, except to the extent that those losses arise from the actions or failures of the Investment Manager and are finally determined to have constituted negligence, fraud or dishonesty.

## 11.6 Authorised Representative Agreement

The Licensee is the holder of AFSL No. 274099 under Part 7 of the *Corporations Act*.

The Investment Manager is appointed as a corporate authorised representative of the Licensee under its AFSL to provide authorised services in relation to its role as Investment Manager of the Fund on the terms and conditions set out in an Authorised Representative Agreement. The authorised services include those financial services which the Licensee is authorised to provide pursuant to its AFSL.

## 11.7 Communicating and Reporting

Unitholders will be provided with the reports set out in the table below. The Investment Manager may (but is under no obligation to) provide further information upon request.

Report	Timing
Unit Price*	Monthly
Transaction statements	To each Unitholder within 60 days of the transaction
Income distribution and tax statement (including details of income entitlements)	To each Unitholder within 90 days of the end of the financial year
Annual report (including the Fund's audited accounts)	To each Unitholder within 90 days of the end of the financial year

\*The above information may be provided through the Investment Manager's website.

## 11.8 Offer Changes

The Licensee (in consultation with the Trustee) reserves the right to cancel the offer of Units, return application monies (without interest) for whatever reason or change the terms and conditions of the offer or Fund at any time.

## 11 Additional information con't

### 11.9 Conflicts of Interest

The Trustee, Investment Manager and any of their associates may from time to time:

- 11.9.1 represent or act for, or contract with, their affiliates and associates;
- 11.9.2 invest in and deal in any capacity with the same investments as that of the Fund, on similar or different terms (including starting a new fund);
- 11.9.3 act in various capacities in relation to, or be otherwise involved in (such as by way of investment), other business activities that may be in competition with the interests of Unitholders;
- 11.9.4 recommend that investments be purchased or sold on behalf of the Fund, regardless of whether at the same time they may buy, sell or recommend, in the same or in a contrary manner, the purchase or sale of identical investments in relation to themselves or other clients;
- 11.9.5 appoint any agents and use brokers, custodians and clearing houses and other persons, including related parties, for the purposes of it meeting their obligations and responsibilities in respect of the Fund; and/or
- 11.9.6 receive and retain profits or benefits of any nature, in connection with the Fund, and may do so without being liable to account to the Fund or Unitholders.

The Investment Manager intends to establish internal policies and procedures to ensure that any conflicts of interest arising in relation to the Fund are adequately identified and appropriately managed. Where the Investment Manager considers that a particular conflict of interest is likely to have a materially adverse effect on Unitholders, it will seek to implement adequate arrangements to mitigate and prevent (where practicable) adverse effects on Unitholders. In certain cases, the Investment Manager may disclose the conflict of interest to Unitholders and obtain their consent for the Investment Manager (and other persons if relevant) to proceed in the context of that conflict of interest.

### 11.10 Custodian

Argonaut Funds Management Pty Ltd has appointed an independent custodian to hold the assets of the Fund.

Certane Group Pty Ltd (Certane Corporate Trust) is a respected and leading provider of corporate trustee solutions to the financial services industry, having emerged from a business which has been providing custody and trustee services for over 130 years. Certane Corporate Trust is a member of the Certane Capital Pty Ltd (Certane) Group, a financial and technology infrastructure company. Operating across Australia, New Zealand and Hong Kong, Certane provides financial institutions and entrepreneurs with the technology and infrastructure they need to successfully build and grow investment funds.

The Trustee has appointed Certane Corporate Trust under a Custodian Agreement. The Custodian's role is to hold the assets in its name and act on the direction of the Trustee and Investment Manager to effect cash and investment transactions.

Certane Corporate Trust has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to a unit holder for any act done or omission made in accordance with the Custodian Agreement.

Certane Corporate Trust's role as Custodian is limited to holding the assets of the Fund.

### Disclaimer

Certane Corporate Trust has not withdrawn its consent to be named in this Information Memorandum as custodian of the Fund in the form and context in which it is named. Certane Corporate Trust does not make, or purport to make, any statement that is included in this Information Memorandum and there is no statement in this Information Memorandum which is based on any statement by Certane Corporate Trust.

To the maximum extent permitted by law, Certane Corporate Trust expressly disclaims and takes no responsibility for any part of this Information Memorandum other than the references to its name. Certane Corporate Trust does not guarantee the repayment of capital or any particular rate of capital or income return.

### FATCA

Investors to provide certain information

If requested by the Trustee, the Investor agrees, and it is a condition of the issue of the Units, to provide certain information required by it or the Trustee/Custodian in order to comply with any applicable law, including the United States Foreign Account Tax Compliance Act (FATCA).

### Privacy

Certane Group Pty Ltd (Certane) may collect your personal information for the primary purpose of providing custodial services to the Trustee and for ancillary purposes detailed in the Privacy Policy. Certane may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the Trustee, Investment Manager, professional advisers and/or as otherwise instructed by the manager. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. Certane is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with Certane's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by Certane and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of Certane's Privacy Policy at <https://cdn.trusteecloud.com/66460bcf-423f-45d1-9c38-397277dbcc30/privacy-policy>

### 11.11 Anti-Money Laundering

The Trustee and Investment Manager are required to comply with the *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth) and associated rules and regulations (AML/CTF Laws). This means that the Trustee may require Unitholders to provide personal information and documentation when investing in the Fund. The Trustee may need to obtain additional information and documentation to process applications or subsequent transactions or at other times.

The Trustee may need to identify:

- 11.11.1 a Unitholder (including all investor types noted on the Application Form) prior to acquiring Units. The Trustee will not issue Units until all relevant information has been received and the Unitholder's identity has been satisfactorily verified;
- 11.11.2 an estate - if a Unitholder dies, the Trustee may need to identify the Unitholders' legal personal representative prior to redeeming Units or transferring ownership; and
- 11.11.3 anyone acting on behalf of a Unitholder, including under power of attorney. In some circumstances, the Trustee may need to re-verify this information.

By applying to invest in the Fund, you acknowledge that the Trustee may delay or refuse any request or transaction (with or without notice) including the payment of distributions or the issue or redemption of Units, if it is concerned that the request or transaction may breach any obligation of, or cause the Trustee, Investment Manager or Licensee to commit or participate in an offence under the AML/CTF Laws or any other law. The Trustee, Investment Manager or Licensee or any of their associates will incur no liability to you in respect of such delay or refusal.

### 11.12 International Offer Restrictions

Offers or the subscription of Units may be prohibited or regulated in certain jurisdictions and to certain persons. This Memorandum does not constitute an offer of Units in any jurisdiction in which it would be unlawful. In particular, this Memorandum may not be distributed to any person, and the Units may not be offered or sold, in any country outside Australia except to the extent permitted below.

#### China

The Units may not be marketed, offered or sold directly or indirectly to the public in China and neither this Memorandum, which has not been submitted to the Chinese Securities and Regulatory Commission, nor any other offering material or information relating to the Units, may be supplied to the public in China or used in connection with any offer for the subscription or sale of the Units to the public in China. The Units may only be offered or sold to Chinese institutions that are authorised to engage in foreign exchange business and offshore investment from outside China. Chinese investors may be subject to foreign exchange control approval and filing requirements under the relevant Chinese foreign exchange regulations, as well as offshore investment approval requirements.

#### Hong Kong

This Memorandum has not been reviewed or approved by any regulatory authority in Hong Kong. This Memorandum does not constitute an offer or invitation to the public in Hong Kong to acquire the Units. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this Memorandum or any advertisement, invitation or document relating to the Units, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to the Units that are intended to be offered only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) (the "SFO") and the subsidiary legislation made thereunder).

The offer of the Units is personal to the person to whom this Memorandum has been delivered by or on behalf of the Fund, and a subscription for the Units will only be accepted from such person. No person to whom a copy of this Memorandum is issued may circulate or distribute this Memorandum in Hong Kong or make or give a copy of this Memorandum to any other person.

You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Memorandum, you should obtain independent professional advice.

### 11.13 Privacy Policy

By completing the Application Form, you are providing personal information for the primary purpose of the Trustee providing this product to you. The Trustee may use the personal information contained in your Application Form for related purposes such as administration and providing services to you in relation to the product. Administration includes monitoring, auditing, evaluating, modelling data, dealing with complaints, answering queries and providing services in relation to this product.

If you do not provide the information requested in the Application Form, your application may not be capable of acceptance or processing.

The Trustee may share your personal information for permitted related purposes or with outsourced service providers. Some of these providers include:

- your financial adviser,
- legal and accounting firms, auditors, consultants and other advisers for the purpose of administering your investment and the Fund; and
- government authorities when required by law, including, without limitation, to the Australian Transaction Reports and Analysis Centre (AUSTRAC), in compliance with the Trustee's obligations under anti-money laundering law.

We will not disclose your personal information to overseas recipients.



## 12 Glossary

Administrator means Argonaut Funds Management Pty Ltd (ACN 101 152 863).

Application Form means the application form included in or accompanying this Memorandum relating to the purchase of Units.

Application Price means the NAV per Unit applicable to the Units being issued, adjusted for any transaction and operational costs (if any) and determined at the time of issue of Units as calculated under the Trust Deed.

Business Day means a day other than a Saturday or Sunday on which Australian banks are open for general banking business in Perth, Western Australia.

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time.

Custodian means Certane Group Pty Ltd.

Eligible Investor means a person eligible to invest and remain invested in the Fund (as determined by the Trustee from time to time or as disclosed in any offer document).

High-Water Mark means the previous highest NAV per Unit of the Fund immediately after payment of a Performance Fee (or if none has been paid, the initial issue price of the Units).

Investment Management Agreement means the investment management agreement entered into between the Trustee and the Investment Manager in respect of managing the Fund.

Management Fee has the meaning provided in Section 8.

Net Asset Value means the net asset value of the Fund (or Class or series if applicable) as provided in Section 10.

NAV per Unit has the meaning provided in Section 10.6.

Performance Fee has the meaning provided in Section 8.

Redemption Price means the Redemption Price is the NAV per Unit at the time of the redemption, adjusted for any transaction and operation costs (if any) as calculated under the Trust Deed. See Section 10 for more details.

Trust Deed means the Trust deed dated on or about 26 August 2019, as amended from time to time.

Unitholder or Unitholders means persons who are indicated on the register of holders as the holder of a Unit or Units in the Fund.

Valuation Date has the meaning provided in Section 10.3

Wholesale Client means a person referred to in Section 761G(7) and/or Section 761GA of the *Corporations Act 2001* (Cth).

# 13 Wholesale client information

Following is a summary of the main categories of a “Wholesale Client”

Category	Description
1. Invest at least \$500,000 at one time (excluding superannuation monies).	
2. Invest at least \$500,000 together with an “associate” at one time (excluding superannuation monies).	Reasons the investor and someone else can be associated include: <ul style="list-style-type: none"> <li>— the other person is a trustee of a trust in relation to which the investor benefits or is capable of benefiting,</li> <li>— the other person is a person with whom the investor is acting in concert, or proposes to act in concert, in respect of the investment; or</li> <li>— the other person is a person with whom the investor is, or is proposing to become associated, whether formally or informally, in any other way in respect of the investment.</li> </ul>
3. The investor and a body corporate which the investor wholly owns and controls together invest at least \$500,000 in aggregate.	See below for the meaning of “control”.
4. The investor has an accountant’s certificate that shows that they have net assets of at least \$2.5 million or gross income for each of the last two financial years of at least \$250,000. The certificate must not be more than 2 years old.	In calculating the \$2.5 million or \$250,000 the investor can include the net assets or gross income (as relevant) of any company or trust it controls. See below for meaning of “control”.
5. The investor is a company or trust controlled by someone who has an accountant’s certificate as mentioned in number 4.	<p>“Control” means you have the capacity to determine the outcome of decisions about the company or trust’s financial and operating policies.</p> <p>The practical influence you can exert (rather than the rights you can enforce) is the issue to be considered and any practice or pattern of behaviour affecting the company or trust’s financial or operating policies is to be taken into account (even if it involves a breach of an agreement or a breach of trust).</p>
6. The investor is acquiring the investment for use in connection with a business which is not a small business.	A small business is one that employs less than 100 employees if that business is or includes the manufacture of goods, or otherwise is a business which employs less than 20 people.
7. The investor is a subsidiary or holding company of another body corporate which is a professional investor as defined in section 9 of the <i>Corporations Act 2001</i> (Cth)	
8. The investor is a financial services licensee.	
9. Investor is the trustee of a superannuation fund with net assets of at least \$10 million.	
10. The investor controls at least \$10 million.	Including any amount held by an associate or under a trust that the investor manages.
11. The AFSL holder considers the investor to be a sophisticated investor.	<p>a. The Licensee or another AFSL holder must be satisfied on reasonable grounds, that the client has previous experience in using financial services and investing in financial products that allows the client to assess:</p> <ul style="list-style-type: none"> <li>i. the merits of the Fund;</li> <li>ii. the value of the Units in the Fund;</li> <li>iii. the risks associated with holding Units in the Fund;</li> <li>iv. the client’s own information needs; and</li> <li>v. the adequacy of the information given by the Trustee;</li> </ul> <p>b. The Licensee or the other AFSL holder must give the client before or at the time when the Units are issued, a written statement of the Licensee’s or AFSL holder’s reasons for being satisfied as stated above.</p> <p>c. The client must sign a written statement, before or at the time when the product or service is provided, acknowledging that the Licensee or other AFSL holder:</p> <ul style="list-style-type: none"> <li>i. has not provided the client a Product Disclosure Statement or any other document that would normally be required to be given to a retail client; and</li> <li>ii. has no other obligations towards the client that would apply if the client were retail.</li> </ul>

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Argonaut Funds Management Pty Ltd  
ACN: 101 152 863  
AFSL No.: 224815  
Address: Level 30, Allendale Square,  
77 St Georges Terrace,  
Perth, Western Australia 6000  
Phone: 08 9224 6888  
Email: [argonautfundsmanagement@argonaut.com](mailto:argonautfundsmanagement@argonaut.com)